DOCUMENT RESUME

ED 458 174 SO 033 070

AUTHOR Ripp, Ken
TITLE Fiscal and Monetary Policy via the Internet and Where Did the Too Many Dollars Come From? Lesson Plans.
INSTITUTION Foundation for Teaching Economics, Davis, CA.
PUB DATE 2001-00-00
NOTE 8p.; For related lessons, see SO 033 064-079.
AVAILABLE FROM Foundation for Teaching Economics, 260 Russell Boulevard, Suite B, Davis, CA 95616-3839. Tel: 530-757-4630; Fax: 530-757-4636; e-mail: information@fte.org. For full text: http://www.fte.org/teachers/lessons/lessons.htm.
PUB TYPE Guides - Classroom - Teacher (052)
EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Economics; *Economics Education; *Financial Policy; High Schools; *Inflation (Economics); *Internet; Monetary Systems; Social Studies

ABSTRACT

This document contains two lesson plans. The first, "Fiscal and Monetary Policy via the Internet," seeks to expose high school students to Internet technology while introducing them to fiscal and monetary policy. Information gathering skills, economic understanding, policy application, and economic content retention should all be enhanced by this program. The lesson plan states a purpose; sets forth objectives; lists materials needed; gives procedures; and presents content material. The second lesson plan, "Where Did the Too Many Dollars Come From?" aims to have students experience "demand-pull inflation" while gaining insight into three major sources of the "too many dollars," which chase after the "too few goods and services." The lesson plan states a purpose; sets forth objectives; lists materials needed; and gives step-by-step procedures. (BT)

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ED 458 174

Foundation for Teaching Economics

Fiscal and Monetary Policy Via the Internet and *Where did the too Many Dollars Come From?* Lesson Plans

By Ken Ripp

2001

Foundation for Teaching Economics
260 Russell Blvd
Davis, CA 95616
530-757-4630
http://www.fte.org/

SO 033 070

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Fiscal and Monetary Policy Via the Internet

By Ken Ripp,
social studies teacher,
Eau Claire Memorial High School in Eau Claire, WI

Purpose: Expose students to internet technology while introducing them to fiscal and monetary policy. Information gathering skills, economic understanding, policy application, and economic content retention should all be enhanced by this program.

OBJECTIVES

Students will:

- learn to use basic internet technology.
- be introduced to fiscal and monetary policy.
- use three economic statistics to trace trends.
- apply economic understanding to real situations.
- analyze economic conditions.
- evaluate the effects of their policy prescriptions.

Materials

1. Internet access with Netscape Navigator

2. Internet Educator file - use the following URL: http://www.execpc.com/~ripp0015/intro.html

3. Student copies of instructions, hints, and score sheets.

PROCEDURES

Get the computer lab reserved. (Good Luck!!) Distribute the student handouts and let the students explore from there. Two or three fifty minute periods should suffice. Reading through the student handouts is a good way to get a feel for what the students will be doing. Notice that on page four students are instructed to propose policy solutions for the three time periods they have been investigating. (The internet program will refer them to this page as they work through it.) They are then directed to show you their answers. If you feel they have worked through the situations and not just guessed, then provide them with the this URL: www.execpc.com/~ripp0015/discover2.html The program will provide students with appropriate feedback and explanations based upon their answers. I suggest you not hand out the "Real Mission" sheets (pages 5 and 6) until the students work through the entire program. Actually they won't ask for these pages until then as the directions to do so are at the end of the internet program.

INFLATION AND UNEMPLOYMENT:

WHAT CAN THE PRESIDENT AND CONGRESS, (FISCAL POLICY) AND THE FEDERAL RESERVE SYSTEM, (MONETARY POLICY) DO TO HELP?

Instructions and Helpful Hints for Fiscal and Monetary Policy Via the Internet

TO START THE PROGRAM:

1. Log in to the computer using the criteria set up at your school. Go Netscape Navigator.

2. Delete what is in the internet address window and type in the following URL: http://www.execpc.com/~ripp0015/intro.html and then press return or enter. (program should start).

3. Double Click on colored links, Back or Forward on the Menu Bar to move through the program

See the next page for a helpful score sheet. Recording the results of your internet explorations will be helpful. So helpful, it is required!! Have fun as you explore and learn about Monetary and Fiscal Policy via the Internet.

4. Once you've read this page and looked over the score sheets, read the first page on the screen and click on the "search" button. Click on colored links, (these show up as words in blue usually) or on Back or Forward on the Menu Bar to move through the program.

AS YOU WORK YOUR WAY THROUGH THE INTERNET PROGRAM KEEP TRACK OF YOUR PROGRESS BY ANSWERING THE FOLLOWING QUESTIONS FOR THE TIME PERIODS FOUND ON PAGES TWO, THREE, AND FOUR.

1966 - 1969

Gross Domestic Product: Does it appear to be decreasing or increasing? Remember any decline is undesirable as is too steep of an increase. Now check GDP for 1981 - 1983. (See page three please)

Rate of Inflation: Changes in the CPI (consumer price index) measure the rate of inflation. Compare the three years before and three years after the given time period. Does inflation appear to be increasing or decreasing? Now check inflation for 1981 - 1983. (See p. 3)

Unemployment Rate: A rate around 5% is desirable. Any rate over 5% is too high. Any rate below 5% could indicate an economy that is moving too fast. Too high or too low during this time period? Now check unemployment for 1981 - 1983. (Please see Page 3)

Overall Conclusion: Was the economy moving too slow or too fast from 1966 to 1969? Circle your answer.

1981 - 1983

Gross Domestic Product: Does it appear to be decreasing or increasing? Now check GDP for 1990 - 1991. (See Below on this page.)

Rate of Inflation: Compare the three years before and three years after the given time period. Does inflation appear to be increasing or decreasing? Now check inflation for 1990 - 1991. (See Below)

Rate of Unemployment: Too high or too low? Now check unemployment for 1990-1991. (See p. 4)

Overall Conclusion: Was the economy moving too slow or too fast from 1981 to 1983? (Circle your answer)

1990 - 1991

Gross Domestic Product: Does it appear to be decreasing or increasing? Now click Back on the menu bar to check on inflation for each period.

Rate of Inflation: Compare the three years before and three years after the given time period. Does inflation appear to be increasing or decreasing? Now click Back on the menu bar to check on unemployment for each period.

Rate of Unemployment: Is it too high or too low?

Overall Conclusion: Was the economy moving too slow or too fast during 1990 - 1991? Circle your answer for this time period and make sure you have done the same for each of the other time periods. After checking, click on Back and continue the program by reading the info and then clicking on Discover.

Ready or not it is now time for you to prescribe policy for the three time periods you just researched. Remember if the econ car is going too fast you should cut the gas (govt. spending), and apply more brakes (taxes and interest rates). Do just the opposite if the car (the economy) is going too slow. Try it here first. **Present your answers to the teacher. (hint: best looking person in the room!!) Now check against the net econ experts with the URL provided by the teacher!!**

1966 - 1969

Government Spending:	Increase	or	Decrease
Taxes:	Increase	or	Decrease
Interest Rates:	Increase	or	Decrease

1981 - 1983

Government Spending:	Increase	or	Decrease
Taxes:	Increase	or	Decrease
Interest Rates:	Increase	or	Decrease

1990 - 1991

Government Spending:	Increase	or	Decrease
Taxes:	Increase	or	Decrease
Interest Rates:	Increase	or	Decrease

Here is Your Real Mission

Using your newly acquired research skills and economic understanding, describe the proper fiscal and monetary policy for the 1994 - 1999 time period. You are required to provide evidence for making your decisions. So to start out you'll need to describe the changes in GDP, the CPI, and the unemployment rate. Follow the model you used for the three practice time periods. In the final analysis you will need to prescribe what should be done with fiscal policy, (taxes and government spending) and monetary policy (interest rates). **Hint: To find some real up to date and easy to read information try the three sites listed on page six, BUT Please read the rest of this page before you proceed.**

1994-1999

Gross Domestic Product: Briefly describe what has happened to it.
Rate of Inflation: What has the CPI done during this time?
Unemployment Rate: Too low or too high or just right?
Based upon your answers above, what should be done with:
Government Spending: Increase or Decrease or Unchanged
Taxes: Increase or Decrease or Unchanged
Interest Rates: Increase or Decrease or Unchanged
Please include a short defense of each of your fiscal and monetary policy decisions on the back of this page.

For GDP:
http://www.bea.doc.gov/briefrm/gdp.htm
For inflation:
http://www.globalfindata.com/tbusacpi.htm or
http://www.whitehouse.gov/fsbr/prices.html (scroll to consumer price index "box" and click on Chart: Consumer Price Index)
For Unemployment: http://www.whitehouse.gov/fsbr/employment.html (scroll to unemployment "box" and click on Chart: Unemployment Rate) To use these addresses simply delete all of the current information in the address window except for the http:// Next, type in one of the above addresses (URL) and press return or enter. Wait a little and before you know it some great tables should appear. Good Luck!!

Where did the too many dollars come from?

By Ken Ripp,
social studies teacher,
Eau Claire Memorial High School in Eau Claire, WI

(DEMAND-PULL INFLATION AUCTION)

PURPOSE: To have students experience demand-pull inflation while gaining insight into three major sources of the "too many dollars" which chase after the "too few goods and services.

OBJECTIVES

Students will:

- experience demand-pull inflation.
- be able to list two effects of inflation on decisions.
- understand where too many dollars come from.
- evaluate the impact of various sources of inflation.

MATERIALS

1. "Black board" and "chalk"
2. Small bowl or coffee can type container
3. One set of red 3" x 3" cards, numbered 1 - 35
4. One set of blue 3" x 3" cards, numbered 36 - 70
5. One set of white 3" x 3" cards, numbered 71 - 105

PROCEDURES

1. Get attention by listing the historical prices of some common items and/or have students speculate on what these items will cost in the future.

2. Ask what it is called when there is a general increase in prices of most goods and services. Hopefully someone will say inflation!

3. Define inflation as too many dollars chasing after too few goods and services. Relating this back to supply and demand is a good idea. Tell students this is called demand-pull inflation.

4. Next question: Where do the too many dollars come from? This is a rhetorical question unless someone is burning to answer it.

5. Have five attractive items for sale on the board before students come into class. At this point tell

them there will be an auction for each item. There will be three rounds and each item will be auctioned off each round. (I use extra credit points, sticks of gum, small wrapped candies, etc.) Make sure that the first item is less desired than the second, the second less than the third and so on.

6. Students can bid with the "dollars" they draw out of the can. They can save from round to round but they must have only one color of each denomination. (two of the same color means they are combining with someone else, which is illegal)

7. Take the red cards and toss them into the can. Tell students they are now to reach into the can and pull out their life savings. The number they pull out will be the maximum amount they can bid in round one. They can save that card to add to round 2 and/or round 3 draws if they like. You can also give change by writing a student's name on the board with the change amount after it. They can use that amount in succeeding rounds.

8. Hold the round one auction. Make sure to record the selling price under each item on the board. Emphasize, as you walk around the room with the can and the students are drawing, that they are withdrawing their life savings to spend.

9. Any left over red cards should be removed from the can. Ask students who didn't buy anything why they didn't. Most will say they didn't have enough money or they are saving for a future purchase. With that, ask how else they may legally obtain more dollars. Someone will say borrow some, use credit. You say right as you take and toss the blue cards into the can. Tell the students to reach into the can and pull out an easy credit loan. No need to repay the loan during the game and it is interest free!!

10. Hold the round two auction. Notice how prices have increased from round one. List the round two prices under the round one prices. Inflation is occurring!!

11. After the round two auction ask why some students still haven't bought anything. Need more dollars? Tell them that the government needs some new workers to do some public projects. But where does the Federal government get these extra dollars from? Raise taxes? Maybe but that's political suicide. Cut some other programs? Maybe but that's political suicide. How about creating some money by selling some bonds to the Federal Reserve Banking System? (Showing an overhead of the "Big A!" sketching would be very helpful for student understanding.) Throw the white cards in the can while saying, reach in and pull out a government pay check from the U.S. Treasury Cookie Jar.

12. Hold the round 3 auction and watch inflation sky rocket!! Stress that this is the last round so they might as well spend their dollars.

13. Debriefing can be done by looking at the rapid increase in prices from round to round. Point out how students who saved may have been hurt by the rapid inflation as they could not afford to buy anything. Are there people like this is real life? Who? What can they do to protect themselves from inflation? What future lessons does this hold for students? Now ask students where the too many dollars came from. (Spent Savings, Easy Credit Loans, Government Spending) Also ask students which of these three sources of too many dollars had the greatest impact on inflation. What does this mean for controlling inflation? This is a good lead into fiscal and monetary policy discussions.